



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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PROCUREMENT AND SYSTEMS
ACQUISITION DIVISION

APRIL 21, 1980

B-198347

The Honorable Harold Brown
The Secretary of Defense #GC 00005



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Attention: Assistant for Audit Reports
Room 3A336
ASD (Comptroller)

Dear Mr. Secretary:

Subject: [DOD Still Needs to Clarify
Policies for Performing Research
and Development for Other Agencies]
(PSAD-80-44)

In September 1979 we issued a report on a review of the current practices and recurring problems for interagency laboratory use (PSAD-79-97). Interagency laboratory use is one effective means of avoiding duplicative efforts and efficiently using costly Federal facilities and skilled technical personnel.

DOD, which has the most extensive array of Federal research and development facilities, was included among the seven departments covered in our review. We noted in the report that, in spite of overall departmental policy statements encouraging interagency cooperation, the laboratory directors and researchers perceived other policies, directives, and administrative requirements as restrictive and discouraging measures. These included the limitation of 3 percent on professional staff-years that could be devoted to nondefense work in the laboratories; policies prohibiting the addition of new staff or facilities to accommodate nondefense work for other agencies, which have been subject to misinterpretation; and the Mansfield Amendments, 1/ which were still perceived as limiting the flexibility of DOD laboratories in responding to tasks outside their immediate mission. Some DOD research and development officials also held the perception that DOD laboratories should do only defense work.

1/Sections of Public Laws 91-121 and 91-441 (1970 and 1971 Armed Forces Appropriation Authorization Acts), known as the Mansfield Amendments, limited the use of funds to those projects related to a military function or operation.

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Before issuing the report, we wrote to you that DOD needed to clarify and renew its policy for nondefense work in the laboratories and widely promulgate it throughout the Defense research and development establishment. DOD's response to the letter did not address this need.

Recently, actions taken at the Naval Research Laboratory (NRL) confirm that policy clarification is still needed. An interagency agreement, for research and development work being performed at the request of the Nuclear Regulatory Commission (NRC), was canceled. Although the reason for the cancellation hinged on a division staff shortage, NRL's commanding officer was also concerned about the legality of entering into the agreement with NRC. He found the various pieces of legislation which authorize NRL to enter into agreements with other agencies confusing and questioned whether the DOD instructions adequately and accurately reflected the legislative intent. Also, DOD policy and guidance presents a question as to how interagency agreements are to be terminated.

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The commanding officer subsequently reviewed other interagency agreements to perform nondefense work and found many inconsistencies in the format, content, approval level, and the legal basis used for entering into the agreements. Confusion has resulted from an attempt to sort out the applicable DOD policies and instructions. Many of the instructions predate more recent legislative changes. Also, guidelines that are applicable depend on how interagency work is defined--as a product or a service.

The actions taken by NRL--the cancellation of the agreement with NRC and the subsequent review and revision of other non-defense interagency agreements--could discourage other agencies from requesting work from NRL and prevent future interagency cooperation.

What occurred at NRL may happen at other DOD laboratories in the future. The results could be especially detrimental to agencies like NRC, which by legislation, are forced to rely on other Federal laboratories for their vital research and development needs.

Therefore, it is incumbent on the Office of the Secretary of Defense to make known the policies and legal boundaries for performing research and development for others. We recommend that you have the DOD policies and instructions reviewed and clarified to prevent conflicting interpretation and inconsistent implementation leading to discouragement or denial of other agencies' requests for essential research and development work.

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A copy of this letter is being sent to the Deputy Under Secretary of Defense for Research and Advanced Technology and to the Secretaries of the Army, Navy, and Air Force. We are also sending a copy to the Chairman of the Subcommittee on Energy, Nuclear Proliferation, and Federal Services, Senate Committee on Government Affairs, who requested our initial study.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

If we can be of assistance to you, please let us know.

Sincerely yours,



J. H. Stolarow
Director